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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER

8- 49263

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING

01/01/03

AND ENDING

12/31/03

MM/DD/YY

MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

RELATIONAL ADVISORS LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

11975 EL CAMINO REAL, SUITE 300

(No. and Street)

SAN DIEGO

(City)

CA

(State)

92130

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

KATHLEEN D. SCOTT

(858) 704-3300

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in the Report*

ERNST & YOUNG LLP

(Name - if individual, state last, first, middle name)

725 SOUTH FIGUEROA STREET LOS ANGELES

(Address)

(City)

CA

(State)

90017-5418

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possession.

PROCESSED

APR 28 2004

FOR OFFICIAL USE ONLY

THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2)

SEC 1410 (05-01)

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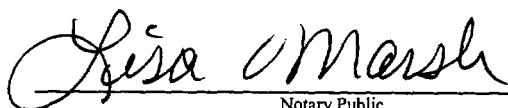
OATH OR AFFIRMATION

I, KATHLEEN D. SCOTT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RELATIONAL ADVISORS LLC, as of DECEMBER 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

Financial & Operational Principal

Title


Notary Public



This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

CONFIDENTIAL

February 27, 2004

AFFIDAVIT

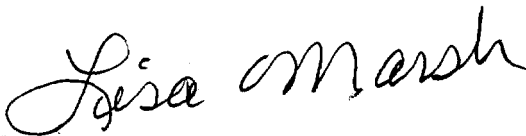
I, the undersigned, affirm that to the best of my knowledge and belief, the accompanying financial statements pertaining to the firm of Relational Advisors LLC as of December 31, 2003 are true and correct.



David H. Batchelder
Principal

Subscribed and sworn to before me the 27th day of February, 2004.

Lisa Marsh, Notary Public



Notary Seal:



Relational Advisors LLC and Subsidiary
Combined Consolidated Statement of Financial Condition

December 31, 2003

Assets

Cash and cash equivalents	\$ 4,294,542
Accounts receivable, net of allowance for doubtful accounts of \$43,875	82,355
Due from related parties	183,932
Prepaid expenses	149,226
Property and equipment, net of accumulated depreciation of \$252,256	135,185
Investment in aircraft, net of accumulated depreciation of \$306,806	4,248,015
Other assets	121,736
Total assets	<u>\$ 9,214,991</u>

Liabilities and member's equity

Liabilities:

Accounts payable and accrued liabilities	\$ 454,497
Notes payable	3,319,117
Due to related parties	112,804
Deferred revenue	81,667
Total liabilities	<u>3,968,085</u>

Commitments (*Note 6*)

Member's equity	5,246,906
Total liabilities and member's equity	<u>\$ 9,214,991</u>

See accompanying notes.